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SUBJECT: NATIONAL ASSEMBLY APPROVES PRIVATIZATION OF COTTON COMPANY

REF: A. BAMAKO 00660
[B. BAMAKO 00589](#)

1.(U) On August 2 the Malian National Assembly passed legislation authorizing the Malian government to sell its holdings in the until now state-owned cotton company CMDT. One hundred and seventeen Deputies voted for privatization, while 20 Deputies voted against. The vote occurred after ten hours of debate on the last day of a two week special session called by Prime Minister Modibo Sidibe after the Assembly failed to even bring the controversial privatization bill to a vote during its April-June regular session (Ref. A). Even though the National Assembly in the end ratified the privatization bill proposed by President Amadou Toumani Toure, the protracted back-and-forth between the National Assembly and President Toure's cabinet over CMDT privatization underscored the growing independence of Mali's legislative branch.

2.(SBU) Although allies of President Amadou Toumani Toure (ATT) hold a firm majority in the Assembly, Deputies from key cotton growing regions of Segou, Koulikoro and Sikasso broke with the President during the Assembly's regular session in order to avoid voting on a bill highly unpopular with powerful unions of local cotton farmers and CMDT employees. In addition to pressure from the Presidency to pass the privatization bill, the local representative of the World Bank sent a letter on July 11 to the Government of Mali (GOM) warning Mali of its obligations to privatize the CMDT by the end of July. Agadiou Dama, Deputy Director of the Agriculture Section of the World Bank Office in Bamako, told the Embassy that this letter was not a threat, but rather a reminder that privatization must be completed before the next cotton planting season which begins in May 2009. Dama said failure to meet this deadline would complicate Mali's ability to attract investors willing to purchase stock in the four new cotton companies created by the privatization plan. Missing the deadline would also be detrimental to the Malian economy, as CMDT privatization is an important step toward attracting outside investment.

3.(U) The new law divides the CMDT into four private subsidiaries, with stock of each subsidiary to be transferred to the following groups: 20% to cotton growers, 2% to CMDT workers, 17% to the GOM, and 61% to private investors via public offering (Ref. B). Proceeds from the sale of the subsidiary companies are intended to cover the CMDT's debt, which was estimated as of June 30 to be around USD 180 million, with USD 100 million (44 billion FCFA) owed to external debtors and the remainder to internal debtors.

4.(SBU) Comment: The CMDT legislation was one of three high-profile bills introduced by the President and tabled by Assembly Deputies. The other two bills involved abolishing the death penalty and providing improved civil rights for women and children. The Assembly's decision to table key pieces of legislation submitted by the President indicates that the legislative branch retains a measure of independence from the executive even though an overwhelming majority of

Assembly Deputies belong to political parties aligned with President Toure. The Assembly's reversal on CMDT privatization during the special session called by Prime Minister Modibo Sidibe, however, reveals that ATT can still force issues through the Assembly. The CMDT debate between the Assembly and ATT also reflects the interesting fact that external pressure on an immediate and tangible issue, even if hugely unpopular with a broad swath of the Malian population, was deemed worthy of such strong-arm tactics, while sensitive social issues - such as improved rights for women and abolition of the death penalty - opposed by powerful religious interests in Mali, were not.

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